



NARRATIVE SUMMARY

Community-Rated Small Group Commercial Comprehensive Premium Rate Filings Plan Year 2024

Healthfirst Insurance Company, Inc. ("Healthfirst") has submitted to the New York Department of Financial Services (DFS) an application to adjust premium rates for small group market health insurance coverage effective in 2024. Healthfirst has requested an increase in premium rates for plans offered in 2024. The Department of Financial Services is reviewing Healthfirst's requested premium rate increase and will determine if the rates are appropriate based on the available evidence.

The requested rate adjustments will affect all currently enrolled small group market subscribers renewing coverage for the 2024 calendar year as well as new small group policies issued during the 2024 calendar year. Final rate adjustments approved by DFS will be effective January 1, 2024. The rates are guaranteed for a 12-month period ending December 31, 2024 and are subject to New York's community rating and guarantee issue laws. Subscribers' rates will vary according to the benefit plan in which they enroll, as well as the census/family tier they select.

As of the date of the submission of this Narrative Summary, approximately 973 covered lives (i.e., subscribers and their covered dependents), from approximately 287 Small Groups, are estimated to be affected by the rate adjustment.

A Description of Your Premium Rate

Your health insurance premium rate has two main components. One is the costs of paying for medical care and the other is Healthfirst's administrative costs.

1. **Medical care costs.** The largest portion of your health insurance premium rate goes toward paying for the costs of the medical claims submitted by you and other members enrolled in Healthfirst's small group market plans. Under New York law, at least 82 percent of the premium Healthfirst's members pay must be put toward paying for the costs of medical claims. More than 82 percent of Healthfirst's premium dollars is used for paying medical expenses.
2. **Administrative costs.** Administrative expenses include a wide range of services and functions, such as processing claims and upgrading technology to keep pace with the rapidly changing health care sector. It also accounts for an array of member-centric expenses such as conducting medical necessity reviews, managing members' complex and chronic conditions, maintaining a robust provider network, and partnering with the community on health education initiatives.

Healthfirst takes a meaningful and evidence-based approach to determining how much of a rate adjustment to request from DFS.

Your Rate Adjustment Explained

Healthfirst is applying for a rate adjustment to account for marketplace trends and to reflect actual and anticipated claims costs. While several market forces continue to drive health care costs higher more generally, Healthfirst continues to strengthen the effectiveness of its care management and quality improvement programs and robust network.

Healthfirst is requesting a higher rate for 2024 because several market forces continue to drive health care costs higher. These forces include:

- Cost and utilization increases for inpatient hospital, outpatient hospital, and physician services, with a trend of approximately 6%.
- Cost and utilization increases for prescription drugs, including the increased use of expensive specialty prescriptions, with a trend of approximately 8%.

Healthfirst has requested a rate increase of 22.7%.

Final Rate Adjustment

The final rate adjustment that Healthfirst members experience may differ than what DFS eventually approves. Healthfirst will notify its currently enrolled members approximately 60 days prior to the new rate taking effect.

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company	Healthfirst Insurance Company, Inc.
NAIC Code:	16031
SERFF Tracking #:	HLFT-133649115
Market Segment:	Small Group

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2024 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2023 and 2024 should be based on the DFS Membership Survey data as of 3/31/2023.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2023 and 2024 Premium Rates:

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2023 and Columns U-Y for 2024)
- 2 Premium Rates for 2024 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic
2023 Weighted Average Base Premium Rates	\$ 1,030.60				
2024 Weighted Average Base Premium Rates	\$ 1,264.55				

B. Weighted Average Annual Percentage Requested Adjustments:

	2023 to 2024	2023 Weighted Average PMPM Rate All - Metals	2024 Weighted Average PMPM Rate All - Metals
Requested Rate Adjustment	22.69984%	\$ 930.25	\$ 1,141.41

From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]*:

	2021 to 2022	2022 to 2023
Average Rate Adjustment Requested	15.00000%	15.00000%
Average Rate Adjustment Approved	9.30000%	8.40000%

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

	2020	2021	2022	Projected 2023	Projected 2024
MLR	85.0%	100.6%	107.4%	105.5%	86.9%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021] [If Applicable]*:

	2022	2023	2024
Annual Claim Trend Rates	3.4%	6.5%	6.5%
Expense Ratios	15.8%	15.8%	15.8%
Pre Tax Profit Ratios	0.5%	0.5%	0.5%

* If no products were offered in a particular year, indicate "N/A" in the applicable box.